Now, most of the operations in Alaska as I understand them are under long term commitment to the Forest Service, so that you do not face this same possible loss of supply. Now, if I am correct in that, and set me straight if I am incorrect on this, how do you say that the export of round logs would wipe out the industry?

Mr. BROOKS. It has two facets. No. 1, we must assume that the same thing will happen in Alaska as has happened in Washington and Oregon, wherein the exporter will bid more for the stumpage than the local mills can afford.

Representative DELLENBACK. At that point am I then in error that you have long term contracts so you do not need to worry about your supply?

Mr. BROOKS. That is the second facet. We have long term contracts, but these long term contracts provide for only part of our necessary timber supply. We must secure the rest from our own purchases or from people that buy other Forest Service sales. That is timber from outside of the long term contract area. So in our case with our present requirements for our mill, we can only supply about 62 percent from the area which we have under the long term contract. Therefore, we must look to the remainder of the national forests and other logging operators to purchase the balance of our supply. And if log exports were permitted it seems quite certain that supply would dry up for us. I am talking about the pulp mills now. I think the sawmills would go out even faster. All of the sales that are presently made have the primary manufacture requirement. As soon as those sales are finished, the sawmills would be out of business, because of competition, with exporters of logs. We would lose the 38 percent of our supply that must come from outside on long term contract area. Exporters would force us to cut our own contract timber faster which I pointed out is under running the contract volume. Undoubtedly the inflated export prices and resulting costs would seriously affect our ability to make a pulp mill profit.

Representative DELLENBACK. So far then, as this approximately two-thirds of your raw material supply that comes from these fixed long term contracts is concerned, is it limited by the terms of the contract to this approximately two-thirds that you may take from these fixed supplies and you are forced to go out in the open market for the remaining third. Or is it that, as a practical matter, on a sustained yield basis, or amortized basis, as determined in the contract you can take only about that amount?

Mr. BROOKS. We could not take the entire supply from our contract area. It is not contemplated in the contract that we would. We are required to take a certain amount annually. We are required to take a certain amount from our contract area to live within the terms of the contract. But it is presumed that we would get the balance of our supply from outside that area.

Representative DELLENBACK. Is the requirement set forth in the contract that you must take a minimum from your contract area or that you are permitted to take only a certain maximum from the contract area?

Mr. BROOKS. The contract states that we must take a minimum and a maximum.